SUPERMARKET BUSINESS

OF TWO PARTS

In this Issue
INSTORE BUSINESS
In Selected Editions Only

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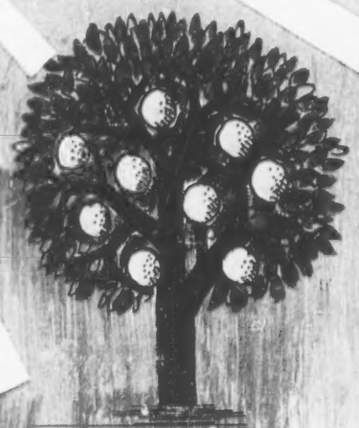
Does the U.S. Need a National Food Policy?



Food Banks: How Supermarkets Glean a Second Harvest

50 Top Chains: Sales & Net Income

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SUPERMARKET BUSINESS

VOLUME 39
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PAGE 16
DO WE NEED A NATIONAL FOOD POLICY?
Is it feasible to look at farm policy in an isolated context from domestic, world, marketing, economic and political forces? It must be. And do supermarkets have a stake in agricultural policy? If supermarkets take their position as buying agent for the consumer seriously, then they most certainly do. Especially since the consumer has no voice in how policy is written and executed. Next year there will be a new, 1985 Farm Bill. There are a lot of areas that need to be addressed—and that aren't in this Presidential election year—before a new Farm Bill is finally drawn up.

PAGE 22
FOOD BANKS: HOW SUPERMARKETS GLEAN A SECOND HARVEST
There is a great demand for food that cannot be sold, because it is damaged. Over the years, responding to the pressures of citizens action groups, and the understanding of a need to help the hungry, food manufacturers and, eventually, supermarkets, have formed a network of food banks to help the needy. Supermarkets are continuing to join other members of the food industry in helping to fight hunger in this way. Here's a look at the history of food banks.

FACING PAGE 24:
INSTORE BUSINESS*
In this issue, some new turns on service are explored. The youthful staff at a new leased department, the deli at Petrini's, in California's affluent Marin County, is well schooled by its two young owners in the arts of food preparation and caring service. And Lucky has enhanced its bakery image, with a little help from a supplier. The store is convinced that service departments no longer mar a company's established price image.

PAGE 26
50 TOP FOOD CHAINS: SALES & NET INCOME
While sales for the 50 top grocery chains increased by 7.3 percent last year— 6.2 percent better than grocery stores in general—average profits for the group dropped almost five percent, as many chains fought an intense battle for share of market.

PAGE 32
WHAT INVESTORS CAN EXPECT FROM SUPERMARKET STOCKS IN 1985
After a year of shrinking profits, the best that most food stocks can offer investors is the prospect of long-term appreciation. Here are five companies with above-average potential.

FACING PAGE 44:
NONFOODS BUSINESS:*
PAGE 1B
THERE'S NOTHING COLD ABOUT STORAGE PRODUCTS
Changing American lifestyles are having a major impact on housewares and household product sales. The trend toward fresher food has meant a growth in storage products and greatest growth has been at supermarkets.
ALSO IN NONFOODS BUSINESS:
SAMI PAGE 2B

PAGE 46
CHECKOUT: WHAT SAFEWAY'S DOODY-DESIGNED PROTOTYPE GAINED AND LOST ON ITS WAY WEST
Safeway's new super store in California is more conventional in appearance than its groundbreaking Dallas predecessor. It also shows a very strong merchandising orientation.

OTHER FEATURES AND DEPARTMENTS

EDITOR'S VIEW	PAGE 5
TRADESCAN	PAGE 7
WASHINGTON BRIEFING	PAGE 11
TECHNOLOGY	PAGE 14
PRODUCE	PAGE 38
NEW PRODUCTS	PAGE 41
NEW EQUIPMENT	PAGE 42
EXECUTIVE MOVES	PAGE 44
CALENDAR	PAGE 45

*** In selected editions only**

50 TOP CHAINS

BY NORMAN BUSSEL, DIRECTOR OF RESEARCH

Sales of 50 top grocery chains increased by 7.3 percent in 1983, a whopping 62 percent better than grocery stores in general, but average profits for the group dropped almost 5 percent as many chains fought an intense battle for share.

It was a year that should have brought better profits for the grocery industry. The economy was rapidly improving; employment and incomes were rising; food prices were more stable, and consumer confidence was stronger. But intense competition in the form of price wars, and double and triple couponing, coupled with increases in operating costs, nibbled away at margins as profits for 50 leading publicly-held chains declined 4.6 percent in 1983.

Combined sales for the group were up 7.3 percent, from $108.7 billion to $116.6 billion, while net income fell from $1.351 billion to $1.289 billion.

Among the largest gainers in sales were **Circle K** (+37.6 percent), **Southland** (+29.8 percent), **National Convenience Stores** (+29.5 percent), **Shop & Go** (+26.0 percent) and **Food Lion** (+23.8 percent). Companies with declining sales included **Conna Corp.** (−14.9 percent), **Allied Supermarkets** (−8.7 percent), **Arden Group** (−6.0 percent), **Pueblo International** (−5.8 percent) and **Fisher Foods** (−3.4 percent).

26 increase sales and earnings.

Twenty-six chains, just over half of those surveyed, reported gains in both gross sales and earnings. **Weiss Markets** again led all chains in earnings with a 5.62 percent margin. Weiss' record as a perennial leader in profitability is no accident. The game plan is apparent in several areas of operation. With most stores positioned outside metropolitan areas, Weiss avoids price cutting and double couponing tactics which affect many other chains. Because most of its stores are concentrated within Pennsylvania, Weiss enjoys low distribution costs. Also contributing to profits is the company's labor productivity average, which is better than industry standards.

Two companies that experienced earnings turnarounds were **Lucky Stores** (from −3.5 in 1982 to +14.3 percent in 1983) and **Circle K Corp.** (from −12.1 in 1982 to +42.9 percent in 1983). In December 1983, Circle K purchased UtoteM Inc., increasing sales from $747.8 million to over $1 billion, gaining 964 stores and producing a record net income of $21.7 million. Lucky's earnings included a gain from the sale of 13 Memco stores, while manuafacturing and processing operations also contributed to the company's profitability.

Southland registered the group's largest dollar increase in revenues as sales topped $2 billion, helped by the acquisition of Citgo Petroleum Corp. Other leaders in sales increases included **Safeway** (+952 4 million), **A&P** (+$614.2 million), **American Stores** (+475.9 million) and **Kroger** (+474.2 million).

Net income declines 11.7 percent

As a group, 50 Top Chains suffered an 11.7 percent drop in net income in 1983. Twenty-two companies slipped in earnings, compared with 17 in 1982. Among those showing decreased profits for the second straight year were: **Pantry Pride, Allied Supermarkets, Grand Union, Jewel** and **Marsh.**

Hardest hit was **Grand Union,** with a $115.5 million decrease in net income as revenues fell 2.3 percent. Grand Union's sales decrease was primarily the result of closing 223 stores, including marginally profitable areas in Texas, Florida and suburban Washington, D.C. Management reports additional pressures for the company in the past fiscal year as: "intense competition, escalating expenses, a major industry wide strike that affected our New Jersey stores, and costs of a pricing program and repositioning."

The biggest change in ranking of the top 10 companies in the group was **Southland's** jump from sixth to third place through the additional sales of Citgo Petroleum Corp., acquired in August 1983. Southland is the largest operator of convenience stores in the United States, with about 7,300 stores.

Safeway continues to be the number one chain in the nation, with consolidated sales of $18.6 billion in fiscal 1983. Both tonnage and customer transactions were up for the third consecutive year. Contributing to Safeway's domestic sales growth was its recent acquisition of 15 Brentwood Markets in northern California and 43 Weingarten stores in southeastern Texas and Louisiana. Safeway attributed its 14.8 percent earnings growth primarily to operating improvements such as: "recent efforts to become more price competitive and to enhance our merchandise assortment and presentation."

Although **Kroger,** number two on the list, showed a 3.2 percent sales gain in 1983, earnings dropped sharply to $127 million from $192 million in 1982, a 33.9 percent change. The company could cite no single reason for the decline, however, it pointed out that: "more aggressive competition in important Kroger markets, sluggish economic recovery in large portions of our trade area and higher costs over all had a profit-draining effect." Some areas of intense competition were Indianapolis, Detroit and Houston.

Lucky Stores rang up record sales and earnings in 1983 with its food stores accounting for slightly over half of pretax earnings. Operating results improved in Florida, southern California and Arizona. The company opened larger, new prototype

SALES AND NET INCOME OF 50 TOP PUBLIC OWNED FOOD CHAINS

(RANKED BY SALES VOLUME)

Rank '83	Rank '82	Company	Fiscal Year	SALES (add 000) 1983	SALES (add 000) 1982	% Change	NET INCOME (add 000) 1983	NET INCOME (add 000) 1982	Net Change (add 000)	% Change	Grocery Stores Operated 1983	Grocery Stores Operated 1982
1	1	**Safeway Stores** (Oakland, CA)	12/31/83	$18,585,217	$17,632,021	+ 5.4%	$183,303	$159,660	+$23,643	+14.8%	2,507	2,454
2	2	**The Kroger Co.** (Cincinnati, OH)	12/31/83	15,236,013	14,761,764	+ 3.2	127,079	192,124	−65,045	−33.9	1,780	1,772
3	6	**Southland Corp.**[1] (Dallas, TX)	12/31/83	8,835,010	6,782,383	+29.8	131,768	108,051	+23,717	+21.9	7,299	7,249
4	3	**Lucky Stores** (Dublin, CA)	1/29/84	8,388,155	7,972,973	+ 5.2	105,400	92,228	+13,172	+14.3	567	561
5	4	**American Stores** (Philadelphia, PA)	1/28/84	7,983,677	7,507,772	+ 6.3	117,902	90,371	+27,531	+30.5	1,020	1,027
6	5	**Winn-Dixie** (Jacksonville, FL)	6/27/84	7,302,369	7,018,605	+ 4.0	115,916	113,460	+2,456	+ 2.2	1,231	1,210
7	7	**Jewel Companies** (Chicago, IL)	1/28/84	5,723,522	5,571,721	+ 2.7	83,053	88,109	− 5,056	− 5.7	766	765
8	8	**A&P** (Montvale, NJ)	2/25/84	5,222,013	4,607,817	+13.3	47,551	31,211	+16,340	+52.4	1,022	1,013
9	9	**Albertson's** (Boise, ID)	2/2/84	4,279,231	3,940,117	+ 8.6	70,281	58,375	+11,906	+20.4	432	416
10	11	**Supermarkets General** (Woodbridge, NJ)	1/28/84	3,617,548	3,247,338	+ 8.3	40,674	37,693	+ 2,981	+ 7.9	130	121
11	10	**Grand Union** (Elmwood Park, NJ)	3/31/84	3,436,848	3,519,341	− 2.3	−115,240	226	−115,466	DOWN	395	510
12	12	**Stop & Shop Co.** (Boston, MA)	1/28/84	2,790,799	2,341,874	+19.2	50,801	34,823	+15,978	+45.9	118	120
13	13	**Giant Food** (Washington, DC)	3/25/84	1,957,436	1,882,134	+ 5.7	40,511	37,213	+ 3,298	+ 8.9	131	130
14	14	**Waldbaum's** (Central Islip, NY)	12/31/83	1,586,895	1,491,363	+ 6.4	13,950	16,835	− 2,885	− 17.1	142	140
15	15	**First National** (Maple Heights, OH)	3/31/84	1,276,976	1,267,563	+ 0.7	1,194	11,837	−10,643	DOWN	142	156
16	17	**Cullum Co.** (Dallas, TX)	6/30/84	1,228,240	1,116,638	+ 9.0	12,577	13,854	− 1,277	− 9.2	128	132
17	16	**P&C (Pneumo)**[2] (Syracuse, NY)	11/30/83	1,216,561	1,144,821	+ 6.2	35,724	23,602	+12,122	+51.4	90	91
18	19	**Food Lion** (Salisbury, NC)	12/31/83	1,172,459	947,073	+23.8	27,718	21,855	+ 5,863	+26.8	226	182
19	22	**Circle K** (Phoenix, AZ)	4/30/84	1,028,863	747,844	+37.6	21,662	15,164	+ 6,498	+42.9	2,185	1,221
20	18	**Borman's Inc.** (Detroit, MI)	1/28/84	996,236	1,000,868	− 0.5	−10,915	7,419	−18,334	DOWN	85	85
21	20	**Pantry Pride** (Ft. Lauderdale, FL)	7/30/83	941,635	930,163	+ 1.2	13,540	15,489	− 1,949	− 12.6	126	151
22	21	**Weis Markets** (Sunbury, PA)	12/31/83	891,857	812,215	+ 9.8	50,129	43,241	+ 6,879	+15.9	116	112
23	—	**Pacific Gamble Robinson**[2] (Minneapolis, MN)	12/31/83	833,199	836,878	− 0.4	3,121	3,781	− 660	− 17.5	103	107
24	23	**National Convenience Stores** (Houston, TX)	6/30/84	818,988	632,310	+29.5	18,450	14,226	+ 4,224	+29.7	1,066	1,015
25	24	**Bruno's Inc.** (Birmingham, AL)	6/30/84	715,761	605,156	+18.3	18,845	15,153	+ 3,592	+24.4	76	66
26	27	**Hannaford**[2] (S. Portland, ME)	12/31/83	624,340	559,209	+11.6	9,643	7,889	+ 1,754	+22.2	67	76
27	26	**Marsh Supermarkets** (Yorktown, IN)	3/31/84	604,963	567,956	+ 6.5	1,625	4,583	− 2,958	− 64.5	216	222
28	25	**Allied Supermarkets** (Detroit, MI)	6/30/84	535,634	592,000	− 8.7	− 2,566	14,800	−17,366	DOWN	64	72
29	29	**Harris-Teeter**[2] **(Ruddick)** (Charlotte, NC)	10/2/83	541,327	521,759	+ 3.8	10,606	9,113	+ 1,492	+16.4	70	72
30	30	**Big V Supermarkets** (Florida, NY)	12/25/83	525,764	516,881	+ 1.7	5,512	7,302	− 1,790	− 24.5	31	30
31	36	**Penn Traffic**[2] (Johnstown, PA)	1/28/84	518,898	462,425	+12.2	6,402	5,360	+ 1,042	+19.4	75	68
32	35	**Shopwell Inc.** (Bronx, NY)	12/31/83	511,936	477,050	+ 7.3	1,799	2,876	− 1,077	−37.4	66	66
33	28	**Fisher Foods** (Bedford Heights, OH)	12/31/83	506,420	524,328	− 3.4	509	− 176	+ 685	UP	48	45
34	34	**Sentry (Godfrey)** (Waukesha, WI)	2/25/84	499,390	485,715	+ 2.8	1,508	2,069	− 561	−27.1	46	48
35	32	**Thriftmart Inc.** (Los Angeles, CA)	3/25/84	497,622	502,963	− 1.1	1,587	5,045	− 3,458	DOWN	39	41
36	31	**Pueblo International** (New York, NY)	1/28/84	476,806	506,912	− 5.8	3,882	3,906	− 24	− 0.6	44	44
37	37	**Seaway Food Town**[2] (Maumee, OH)	9/24/83	472,323	455,446	+ 3.7	3,431	4,049	− 618	−15.3	73	74
38	33	**Arden Group Inc.**[2] (City of Commerce, CA)	12/31/83	464,282	494,051	− 6.0	1,767	2,890	− 1,123	−38.9	64	81
39	39	**Foodarama** (Freehold, NJ)	10/29/83	439,971	425,961	+ 3.3	157	1,155	− 998	DOWN	31	34
40	38	**King Kullen** (Westbury, NY)	10/1/83	439,185	428,127	+ 2.6	2,484	2,414	+ 70	+ 2.9	55	55
41	41	**Munford Inc.** (Atlanta, GA)	12/29/83	395,795	372,405	+ 6.2	7,510	7,184	+ 326	+ 4.5	916	959
42	42	**Schultz Sav-O-Stores** (Sheboygan, WI)	12/31/83	368,813	362,464	+ 1.8	1,410	1,301	− 191	−17.2	39	39
43	44	**Mayfair Super Markets** (Elizabeth, NJ)	9/3/83	344,180	322,462	+ 6.8	3,134	2,171	+ 963	+44.4	32	33
44	43	**Victory Markets** (Norwich, NY)	12/31/83	329,225	322,754	+ 2.0	2,914	2,636	+ 278	+10.5	87	90
45	45	**Village Supermarkets** (Springfield, NJ)	7/30/83	317,417	300,993	+ 4.4	1,776	1,625	+ 151	+ 9.3	21	20
46	46	**Mott's** (Hartford, CT)	12/31/83	295,357	293,868	+ 0.5	1,540	3,486	− 1,946	− 55.8	24	24
47	—	**Farm Fresh** (Norfolk, VA)	12/31/83	294,774	264,969	+11.2	7,080	5,435	+ 1,645	+30.3	28	28
48	49	**Shop & Go Inc.** (Mango, FL)	3/29/84	252,359	200,251	+26.0	8,944	6,421	+ 2,523	+39.3	430	415
49	48	**Conna Corp.**[3] (Louisville, KY)	5/27/84	200,086	229,750	−14.9	22	88	− 66	DOWN	405	405
50	50	**Sunshine-Jr. Stores Inc.** (Panama City, FL)	12/29/83	169,278	172,322	− 1.8	1,818	1,782	+ 36	+ 2.0	345	341
		TOTAL		$116,560,351	$108,651,813	+ 7.3	$1,289,166	$1,351,392	−$62,226	− 4.6	25,196	24,344

—Not shown in 1983 listing

[1]Number of stores includes 7-Eleven, Gristede's and Charles & Co. only

[2]Total company sales and net income.

Price wars struck the hardest blow in slashing net profits for 22 companies on the list.

food centers in every food division. Service departments now total over 150 and consist primarily of instore bakeries, delis and pharmacies.

American Stores also set new highs for sales and earnings in 1983. Sales increased 6.3 percent and net earnings grew by a solid 30.5 percent. Management feels that this growth is the result of its "emphasis on the development of larger combination drug/food stores in those markets which are projected to have greater than normal economic and population growth."

Winn-Dixie completed the fiscal year with a 4.0 percent gain in sales, while net income increased by only 2.2 percent, compared with 9.0 percent in 1982. Aggressive competition in many of the company's market areas has required additional investment in promotional spending and a slowdown in price increases. The Florida market, with its high income and growing population, is seen as a promising area by some major chains and competition is stiff.

Jewel Companies, still number seven on the Top 50 list, established a new record in sales in 1983, but consolidated net earnings fell 5.7 percent below 1982. The company attributes the shortfall in United States income almost entirely to lower-than-expected results at Sav-On Drugs. Free-standing drug stores and combination food/drug stores figure importantly in the company's future. In 1983, Jewel invested in 30 drug stores and 11 new combo stores; 15 conventional supermarkets were converted to combo units. Consequently, the sales mix has changed in the past 10 years, from basically a supermarket company deriving 73 percent of sales from food stores and less than 12 percent from drug stores to 1983 sales of 62 percent from food and 32 percent from drug.

A&P, celebrating its 125th year in 1984, topped the list for increased earnings with a 52.4 percent improvement over 1982, while sales gained 13.3 percent. Once boasting 15,000 grocery stores carrying the A&P name, the company now stands at a lean 1,022 supermarkets. A&P's showing in 1983 was assisted by the acquisition of Wisconsin-based Kohl's Food Stores, plus a three-and-a-half week strike at competitive supermarkets in New Jersey.

Albertson's closed the year with an 8.6 percent gain in sales and a respectable 20.4 percent rise in earnings. Thirty new stores were opened in 1983, including four combination food/drug units, 23 large supermarkets, two grocery warehouse stores and one conventional supermarket. Albertson's plans to increase market share include continued expansion in their present operating areas, plus new ventures into the Central Plains states. Forty-two new stores are scheduled to open in 1984. An important factor in Albertson's growth is that stores are located principally in fast-growing markets in the Southwest, where operating costs tend to be lower than in other regions.

Supermarkets General logged its ninth consecutive year of record sales and earnings. Revenues from Pathmark supermarkets alone climbed to over $3 billion, despite intense competitive activity in the second half of the year and a strike that affected 47 supermarkets. Pathmark says much of its sales success is the result of new merchandising programs, including: specialty cheese shops (now in 55 stores), large book departments (in 51 stores), and the testing of nutrition centers, salad bars, bakeries and an expanded produce department.

The wars that nobody wins

Price wars struck the hardest blow in slashing net profits for 22 companies on the list of 50 Top Chains surveyed. Even the chains showing gains in sales and profits were not unaffected by price cutting, but were simply engaged in conflicts to a lesser degree.

Higher operating expenses also contributed to reduced profits and, with the cost of

Continued on page 40

THE 10 FASTEST GAINERS IN SALES (Greatest Dollar Increases) (Add 000)

Chain	Sales 1983	Sales 1982	Increase in Sales
Southland Corp.	$8,805,010	$6,782,383	$2,022,627
Safeway Stores	18,585,217	17,632,821	952,396
A&P	5,222,013	4,607,817	614,196
American Stores	7,983,677	7,507,772	475,905
The Kroger Co.	15,236,013	14,761,764	474,249
Stop & Shop Co.	2,790,799	2,341,874	448,925
Lucky Stores	8,388,155	7,972,973	415,182
Albertson's	4,279,331	3,940,117	339,214
Winn-Dixie	7,302,369	7,018,605	283,764
Circle K	1,028,853	747,844	281,009

THE 10 FASTEST GAINERS IN SALES (Greatest Percentage Increases)

Chain	Percent Gain in Sales	Sales Rank 1983	Sales Rank 1982
Circle K	37.6%	19	22
Southland Corp	29.8	3	6
National Convenience Stores	29.5	24	23
Stop & Go Inc.	26.0	48	49
Food Lion	23.8	18	19
Stop & Shop Co.	19.2	12	12
Bruno's Inc.	18.3	25	24
A&P	13.3	8	8
Penn Traffic	12.2	31	36
Hannaford	11.6	26	27

THE 10 BEST PROFIT MARGINS (Net Income After Taxes as Percent of Sales)

Chain[1]	1983	1982
Weis Markets	5.62%	5.32%
Stop & Go Inc.	3.54	3.21
Bruno's Inc.	2.63	2.50
Farm Fresh	2.40	—
Food Lion Inc.	2.36	2.31
National Convenience Stores	2.25	2.25
Circle K	2.11	2.16
Giant Food	2.07	2.01
Harris-Teeter (Ruddick)	1.96	1.75
Mumford Inc.	1.90	1.93

[1]Includes only those chains with no reported losses in either year.
— Not shown in 1982 listing

THE 10 BIGGEST GAINERS IN EARNINGS (Greatest Dollar Increases) (Add 000)

Chain[1]	Earnings 1983	Earnings 1982	Net Increase in Earnings
American Stores	$117,902	$ 90,371	$27,531
Southland Corp.	131,768	108,051	23,717
Safeway Stores	183,303	159,660	23,643
A&P	47,551	31,211	16,340
Stop & Shop Co.	50,801	34,823	15,978
Lucky Stores	105,400	92,228	13,172
P&C (Pneumo)[2]	35,724	23,602	12,122
Albertson's	70,281	58,375	11,906
Weis Markets	50,120	43,241	6,879
Circle K	21,662	15,164	6,498

[1]Includes only those chains with no reported losses in either year.
[2]Based on total company sales.

THE 10 FASTEST GAINERS IN EARNINGS (Greatest Percentage Increases)

Chain[1]	Percent Gain in Earnings	Earnings Rank 1983	Sales Rank 1983
A&P	52.4%	11	8
P&C (Pneumo)	51.4	14	17
Stop & Shop Co.	45.9	9	12
Circle K	42.9	16	19
Stop & Go Inc.	39.3	24	48
American Stores	30.5	4	5
Farm Fresh	30.3	26	47
National Convenience Stores	29.7	18	24
Food Lion	26.8	15	18
Bruno's Inc.	24.4	17	25

[1]Includes only those chains with no reported losses in either year.

THE 15 DECLINES IN EARNINGS

Chain	Earnings or Losses (000) 1983	Earnings or Losses (000) 1982	Net Decline in Earnings (000)
Grand Union	–$115,240	$226	–$115,466
The Kroger Co.	127,079	192,124	–65,045
Borman's Inc.	–10,915	7,419	–18,334
First National	1,194	11,837	–10,643
Jewel Companies	83,053	88,109	–5,056
Thriftimart Inc.	1,587	5,045	–3,458
Marsh Supermarkets	1,625	4,583	–2,958
Waldbaum's	13,940	16,825	–2,885
Pantry Pride	13,540	15,489	–1,949
Mott's	1,540	3,486	–1,946
Big V Supermarkets	5,512	7,302	–1,790
Cullum Co.	12,577	13,854	–1,277
Arden Group Inc.	1,767	2,890	–1,123
Shopwell Inc.	1,799	2,876	–1,077
Allied Supermarkets	–2,566	14,800	–17,366

WHAT INVESTORS CAN EXPECT FROM SUPERMARKET STOCKS

BY NORMAN BUSSEL

After a year of shrinking profits, the best that most food chain stocks can offer investors is the prospect of long-term appreciation. Here are five companies with above average potential of outperforming the market in the year ahead.

If some investors see supermarket stocks as low priority additions to their portfolios, the disappointing earnings for grocery chains in general during 1983 did little to change their views. Among the 50 top chains surveyed by SUPERMARKET BUSINESS in this issue, profits declined almost five percent on average.

But some chains showed record sales and earnings in 1983; prospects for even better profits in 1984 make some companies attractive buys now, while others appear promising for the long-term, according to the June 1984 edition of *The Value Line Investment Survey*.

With projected food price inflation in the five percent range, compared with 1.1 percent for food at home in 1983, Value Line feels chains should have the better pricing flexibility necessary to offset cost increases in operating expenses.

As the economy continues to grow stronger, employment and income levels will rise, and increasing consumer confidence should stimulate sales of higher margined general merchandise and specialty items.

The prospect of better margins will also depend heavily on how well supermarket chains can control costs, such as labor and energy. With labor expecting to benefit from companies' rise in profitability, however, negotiations could be prolonged and contested. A rising number of supermarket strikes is possible depending on the bargaining toughness of both labor and management.

Value Line sees some indications that the heightened merger activity in the non-food retailing sector could spread to supermarkets. But even beyond the speculative appeal of potential takeovers, Value Line considers some supermarket stocks to have good growth potential.

A&P has even more to celebrate in 1984 than its 125th anniversary. With the fiscal year ended February 25, 1984, the company showed earnings increases of 52.4 percent on a sales gain of 13.3 percent. Value Line ranks A&P number one in "Timeliness" (Relative Price Performance Next 12 Months).

This eighth largest grocery chain operates 1,022 stores in the United States and Canada. The company is engaged in a program of remodeling which, for many stores, includes special service departments such as deli-bakery, gourmet meats, service seafood, and pasta and cheese islands.

Among the steps taken by A&P to achieve greater profitability were the closing of almost 500 unprofitable stores since fiscal 1981 and the disposition of its money-losing food processing facilities. In addition, payroll costs are now about 11 percent of sales, vs. about 13 percent two years ago.

A&P's new subsidiary, Kohl's Food Stores, contributed to fourth-quarter earnings which nearly doubled to 23 cents a share. With a recent court ruling, it appears that A&P will receive $275 million in excess pension plan funds on a tax-free basis during fiscal 1984. This additional capital makes it seem likely that A&P may purchase another supermarket chain and also continue to upgrade existing stores.

Value Line feels that rising food price inflation will have a positive affect on A&P's bottom line this year and beyond, and estimates that earnings will rise 25 percent in fiscal 1984, to $1.05 a share, and are likely to outperform the year-ahead market. Value Line believes the three- to five-year prospects appear promising, and that accelerated capital spending and a lower cost structure will bring A&P its highest profit margins in 20 years by 1986-88. This equity offers worthwhile appreciation potential to that time.

Albertsons operates 432 stores in 18 western and southern States, including 89 combination food-drug units, 69 superstores, 295 conventional supermarkets and 19 special markets called "The Grocery Warehouse." Albertson's net income rose 20.4 percent in the fiscal year ended February 1984 and sales increased 8.6 percent. During fiscal 1983, Albertson's opened 30 new stores and closed 14, increasing net selling space 7.5 percent. Since most of its operations are in the fast-growing markets of the Southwest, the company enjoys lower operating costs than stores in other regions.

With more selling space and a predicted higher rate of food price inflation, Value Line looks for the company to produce revenue gains in the 13 percent range for fiscal 1984. If operating expenses increase only moderately, earnings should advance 16 percent in fiscal 1984, to $2.50 a share. Value Line feels that these share are "a timely selection for above average performance in the year ahead."

Over the next five years, Albertson's plans to open 240 new units and to remodel 120 existing stores. Most of the new outlets will be super stores or combination stores. Value Line's outlook is that, "annual earnings gains of 16 percent over the next three to five years seem within the company's reach," and "that, in turn, could lead to worthwhile capital appreciation for patient holders of these shares."

American Stores Company operates 1,020 units in the West, Midwest, Mid-Atlantic and Southwest, including combination drug-food stores, super drug centers, drug stores and food stores. Principal operating subsidiaries are Alpha Beta Company, Skaggs Companies, Acme Markets, and Rea and Derick. In the fiscal year ended January 1984, American Stores net income increased 30.5 percent on a sales gain of 6.3 percent. Value Line believes the company is headed for its fourth consecutive year of record earnings. Anticipating Albertson's entry into the Dallas market, American Stores plans to remodel 32 combination stores in Texas and Oklahoma. American Stores recently merged with Jewel Companies in Chicago, which runs over 620 stores.

Value Line considers American Stores a good investment for the year ahead, with a "Timeliness" factor of "2-Above Average." Fiscal 1984 earnings are estimated at $4.35 a share and the stock's price-earnings multiple is significantly below that of the average company that Value Line follows and much lower than they think appropriate for a company with expected annual earnings growth of about 15 percent over the long term. Value Line perceives above-average capital gains for investors willing to hold these shares for three to five years.

Giant Food's trading area is Washington,

Continued on page 36

HOW SOME TOP PUBLICLY OWNED FOOD CHAINS PERFORMED

1984 Range[1]: Low — Last — High

Value Line Projected Range 1986-1988

Company	PRICE ($) 0 20 40 60 80 100	P/E Ratio	Earnings Yield (%)	Dividend Yield (%)
Albertson's		9.4	10.7	3.0
Allied Supermarkets		58.0	1.7	Nil
American Stores		7.6	13.1	2.1
Arden Group Inc.		10.1	9.9	Nil
Borman's Inc.		14.2	7.0	Nil
Bruno's Inc.		11.8	8.5	2.1
First National		*	*	0.5
Fisher Foods		*	*	Nil
Food Lion[2]		15.9	6.3	0.4
Giant Food		7.6	13.2	3.6
Great Atlantic & Pacific Tea Co.		16.1	6.2	Nil
Jewel Companies		8.4	11.9	5.1
The Kroger Co.		10.8	9.3	6.8
Lucky Stores		7.8	12.9	7.5
Munford Inc.		9.1	11.0	3.2
National Convenience Stores		12.2	8.2	3.0
Pantry Pride		25.0	4.0	Nil
Pueblo International		7.1	14.1	1.8
Safeway Stores		7.0	14.3	6.7
Southland Corp.		7.5	13.4	3.2
Stop & Shop		8.6	11.7	2.6
Supermarkets General		8.3	12.1	2.1
Weis Markets		11.7	8.5	2.0
Winn-Dixie		10.2	9.8	5.8

[1] Ending September 7, 1984 [2] Yearly price range adjusted from old stock to reflect split or stock dividend of 25 percent or more * No meaningful figure

Source: The Value Line Investment Survey, Edition 10, June 1, 1984

SUPERMARKET STOCKS

With a healthy economy, supers are striving to improve their share of nonfood dollars.

Continued from page 32

D.C., Maryland and Virginia. Of the company's 132 supermarkets, 93 are in the D.C. metropolitan area and 74 have pharmacies. Value Line projects another year of record earnings for Giant in fiscal 1984, estimating performance in the 12 percent range.

Giant was the first chain in the Baltimore/Washington area to develop full scanning capability, which lowered labor costs by eliminating the need for individual price marking. Plans call for the opening of 15 new stores over the next two to three years, the addition of two combination stores and the remodeling or enlargement of several others. The company expects to add salad bars, now in 77 stores, to all 132 supermarkets and has also set a goal of installing automated instore teller machines, thereby providing customers with access to 90 percent of the region's banks.

Giant's financial position appears to be strong. With more than $70 million in cash, plus the dollars generated from ongoing operations, Giant's working capital and capital spending requirements should be met with very little external financing. Value Line ranks Giant's "Timeliness" or "Relative Price Performance Over the Next 12 Months" as "Above Average."

Pueblo International Inc. operates 44 supermarkets in Puerto Rico, the U.S. Virgin Islands and Florida. Pueblo stores consist of three formats: conventional supermarkets, Mas and Super Foods warehouse stores, and the new Xtra super stores, which average over 75,000 square feet each. Each Xtra store is capable of turning its inventory thirty times a year on volume of over $40 million. Plans call for two new Xtra stores in Puerto Rico during this fiscal year and one more in Florida early in 1985.

Value Line expects Pueblo's earnings to be sharply higher in 1984 on a projected 15 percent sales increase. Although Value Line sees Pueblo's shares as outperforming the market in the year ahead, it states that, "risk-averse investors may wish to defer commitments until the company puts together a few profitable quarters." In the past, Pueblo's earnings have been erratic when the company ventured outside the supermarket business. With its divestiture of Holsum Bakers in Puerto Rico and Venezuela, and two radio stations in Puerto Rico, all during 1983, Pueblo has emphasized management's belief that its future is in food retailing.

The myth that the grocery industry is recession-proof will persist probably as long as there is someone to ask, "People have to eat, don't they?" Our most recent bout with a recession, however, disproves the theory most convincingly. In 1982, with rising unemployment and a slowdown in wage increases, consumers showed that they could cut back on non-essential purchases and supermarket chains felt the affect as higher-margined non-food sales suffered.

Now, with a healthy economy, supermarkets are striving to improve their share of non-food dollars and most chains are planning larger stores in 1984 and beyond. This trend toward one-stop shopping should increase profits as supermarkets devote more space to pharmacy, general merchandise, and health and nutrition products. If the economy continues to improve over the next few years, the Eighties could be the decade when supermarket stocks become favorites of investment analysts. ■

PRODUCE

Continued from page 38

Although only 8,000 bushels were shipped to the United States this year, according to the North American importer, Oppenheimer, in Vancouver, Canada, it's "only the beginning." They expect that the Braeburn will be one of the largest sellers of the future, again due to its exceptional eating qualities.

In the case of both varieties, the marketing organization finds that the product does not look as good as it tastes and should be sampled in order to give it the proper introduction. They find that both the Gala and Braeburn start slowly, but as soon as the consumer discovers them, retailers literally run out of product because of repeat purchases.

Old standbys

With all these new products around, what's happening to the old standbys? Actually, across the country, apple growers and apple promotion committees, boards and associations are reporting that 1984 is a vintage year for size, color, and flavor. This seems to be as true in New York as it is in Washington, and virtually every other producing state reports similar projections for its crops.

In total, this means that better than 200 million bushels of apples will be produced with approximately 50% of those going to the fresh market and the other 50% to applesauce, apple cider, apple juice, frozen apple pies and other products found in the grocery side of the supermarket.

This means that the per capita consumption of apples will continue to be right at 20 pounds per man, woman, and child in the United States. In the fruit category this means that bananas are still the only product that tops apples in total per capita consumption or tonnage sold. In dollar volume, the apple continues to stand alone as the number one fruit in produce. ■

FOOD BANK

Continued from page 25

Schaller: "One of the most important things that supermarkets have done and can continue to do is advocate us and food banking in general to their vendors. They can have a tremendous amount of weight."

A real need

Any discussion of food banking cannot ignore the need behind such a plea or the reasons for the dramatic growth of food banks (and the agencies they serve) in recent years.

Many supermarkets and suppliers attribute increases in donations and those receiving them to an increased public and industry-wide awareness of food banks and hunger. Nabisco Brands' director of contributions, Marion Sheslow, echoes the experience of many in the industry: "Within our own organization people have become more attuned to food banking ... there's a lot more confidence and a lot more knowledge."

But increased efficiency and a willingness to become involved are, many food bankers believe, just part of the picture. The remainder is filled by an undeniable increase in need. Louis Gonzalez, a spokesperson at Safeway's San Francisco division, admits that "As a board member of a local food bank, I've seen it (need). Our clients report a 25-35 percent increase in the number of people coming to them." And his observation merely reiterates, on a smaller scale, the findings of such reports as the U.S. Conference of Mayors' case studies, "Hunger in American Cities" (published in June, 1983) and the study of hunger in New England conducted by Larry Brown of the Harvard School of Public Health (published late last fall).

Those in closest contact with the needy are also the quickest to point to the increased numbers of needy people and perceived reasons for this. Although intended to be a supplement to federal food programs, food banks and their agencies have, in many instances, found themselves taking on increased feeding responsibilities. Many food bank workers find reports such as that issued by the President's Task Force on Food Assistance (last January) incomplete at best and deliberately distorted at worst.

Boston Food Bank's Kirk Meyer is one of the Task Force's more vocal refuters: "Hunger is *not* anecdotal; it definitely does exist. Most of the people involved in working with the hungry would violently disagree with the government commission's findings." For Meyer, as for many food bankers, recent increases in the needy are the direct result of government food program cutbacks, coupled with the highest unemployment rate in decades. And although unemployment has been decreasing, Community Food Bank's Kitty Schaller is quick to point out that many, nonetheless, remain out of work.

Demand for unsellable food is not likely to slacken in the coming years, and supermarketers are continuing to join other members of the food industry in helping meet this need. A joint effort, such as a handbook on food banking currently being prepared by FMI and GMA, is an indicator of the growing awareness of the importance of donating rather than dumping. As Kings Super Markets' Robert Bildner explains, "It just makes good sense for everybody." ■

FOOD POLICY

Continued from page 18

concerns 2.3 million farmers and associated services and industries. These are facts about U.S. farms:

□ About 10 percent of the farmers produce about two-thirds of the output; they earn most of the family income from farms, which averages about $85,000 annually.

□ Some two-thirds of the farmers receive 80 percent of their income off non-farm sources. In other words, they have other jobs, and have average family incomes above the national average. They account for only 10 percent of farm output.

□ Interest expenses alone account for almost 20 percent of total cash outlays for farmers.

□ The top 13 percent of farms receive 45 percent of direct government payments, while 71 percent of farms get only 22 percent of payments.

□ Total expenditures by CCC, alone, in 1983 amounted to $19.5 billion.

□ Although only one-third of agriculture is covered by commodity programs, they indirectly affect many others, such as livestock, that have no direct support.

Agricultural or farm policy, then, is too important to be left to farm interests, alone. Certainly, everyone in the food chain, farmers, processors, distributors and retailers, has a stake in agricultural policy for the remainder of the 80's. Perhaps this is reason enough to take a much broader view of where we are and how we got there. Perhaps this is the time to throw out the crazy quilt of farm legislation and write an entirely new program—one that really does include everyone in the chain from farm to consumer. ■

50 TOP CHAINS

Continued from page 28

Higher operating expenses also contributed to reduced profits and, with the cost of food at home increasing by only 1.1 percent in 1983, according to the U.S. Department of Labor's Consumer Price Index, there was no cushion to offset these expenses.

If anyone benefits from grocery price wars, it is the American consumer. In 1983, Americans spent 11.4 percent of disposable income on food, compared with 12.1 percent in 1980. Because the average American family now has two wage earners, more money is available for food away from home and, in 1983, consumers spent record dollars on eating out. Restaurant sales increased 11.2 percent; tonnage grew 6.5 percent; prices went up 4.4 percent; and the share of the food dollar reached 36.5 percent, a gain of 6.4 percent over the previous year.

To combat this loss of revenue to restaurants and fast food outlets, grocery chains are rapidly adding service departments to attract shoppers and claim a greater share of the food dollar. Many chains have expanded their service departments and many more are planning to add larger selections of fresh deli, hot foods/entrees, soups, salad bars, fresh pasta and ethnic specialties, as well as fresh baked goods and seafood bars.

As the battle for share continues, the big guns in grocery chains' arsenals will undoubtedly be larger store formats, including combination food/drug stores, superstores and warehouse stores, with expanded product mixes, and much more variety in health and nutrition products to accomodate consumer interest. ■

SAMI UPDATE:

June's Gain Is July's Loss in HBA

BY ALAN MILLER, JR.

This is the issue of the year when we report on a double-header in HBA food store sales, since SAMI has 13 four-week reporting periods while there are only 12 monthly issues of SUPERMARKET BUSINESS.

Looking at both ends of the double-header, we note a split, with a gain of 1.4 percent in the period ending June 22 and an identical loss rate during the SAMI period which concluded July 20, 1984. Both of these reporting periods were pitted against strong growth trends in the corresponding periods a year earlier: a gain of 4.4 percent in June and a record increase of 7.8 percent in July.

In June of this year at the product group measurement level, the gains were six to two over losses. Declines were found among deodorants (−0.6 percent) and shaving needs (2.1 percent) while the highest four-week rate of gain in June (+3.7 percent) occurred among skin care aids. The score was closer in June from a category recap standpoint with gains narrowly outpacing losses by a 26 to 24 margin. The highest increase was in the home of the new mousse hair products, a mighty 361.5 percent lift for hair setting needs. The highest percentage loss in the four-week June period was 12.0 percent for feminine hygiene deodorants followed closely by a drop of 11.4 percent for cream deodorants.

Looking at the July figures, there were plusses for five product groups and minuses for three. There were 28 categories in the black compared with 22 in the loss column. The most disturbing downward trends for July took place in the oral hygiene product group, where unit volume overall fell 13.9 percent paced by an extraordinary fall-off of 21.3 percent for toothpaste and powder. The high volume proprietary remedy product group enjoyed a gain of 5.6 percent in July in part because of the 9.8 percent jump in unit volume for internal analgesics.

Looking at trends from product group to product group during the two reporting periods, we come first to baby needs where only one of four categories reported exhibited a decline in each period—infant clothes with a loss of 3.1 percent in June and baby oils, creams and lotions recording a small 0.7 percent dip in July. Volume in the overall product group moved ahead in both periods, 3.0 percent in June and one percent in July.

Deodorants split

Deodorants as a product group had a split decision with a minor product group decline of 0.6 percent in June, followed by a gain of two percent in the

SAMI

more recent period. Four of the same five categories suffered unit volume losses in both periods. These were spray deodorants (−5.1 percent and −4.2 percent), cream deodorants (−11.4 percent and −15.1 percent), deodorant and talcum powder (−0.5 percent and −3.1 percent) and finally feminine hygiene deodorants (−12.0 percent and −20.2 percent). The most important gain in June was −13.9 percent for foot deodorants and athlete's foot remedies while in July roll-on deodorants advanced 12.2 percent following a drop of 0.1 percent in the June period.

There were small gains for both first aid categories in each period.

In the hair care needs product group, the proliferation of hair styling mousse brands has expanded the hair setting needs product category dramatically from a percentage standpoint, but volume among these items is still relatively modest when viewed in comparison with shampoos, rinses or hair sprays. Shampoo sales were slightly below year ago levels but it should be kept in mind that the July 1983 unit sales figure represented a hefty 10.3 percent jump over the July 1982 period. Hair sprays have been enjoying strong advances this summer with increases of 11.3 percent for June and 7.7 percent for July. Volume contributed by the national introduction of Helene Curtis' Finesse coupled with strong performance by Rave, Jhirmack and All Set help to account for the upbeat hair spray trends. Both home permanent kits and hair coloring items are continuing to post small rates of decline. These losses were against similarly weak periods in June and July of 1983 compared with the same periods two years ago in 1982. Hair dressing needs (mostly hair grooms for men and ethnic preparations) have been in plus territory for several months.

Oral rub-outs

In the oral hygiene product group there was a startling trend reversal for toothpastes comparing the 6.1 percent increase in June and the 21.3 percent decline in July. Colgate's new pump was still in limited distribution and new volume from Minnetonka's Check Up pump was not sufficient to offset major brand declines in unit volume. One suggested explanation for the July loss in dentifrice volume that may deserve further probing is that couponing and price-off activity earlier in the year may now be keeping some of the bargain hunters from replenishing their supplies. Mouthwash sales were down 7.3 percent in June but recovered to post a gain of 4.9 percent in the July reporting period. Breath fresheners, with small volume, moved upward in both periods. Denture cleaners were down in both months as were toothbrush sales but denture adhesives enjoyed continuing gains.

The strong performance among major categories of proprietary remedies, particularly in July, is on top of even stronger upward trends in the corresponding year earlier periods vis-à-vis 1982. Antacids had a modest loss in June but came back in July with a 1.9 percent increase. Internal analgesics gained momentum in July, aided in part by two new entries and by continuing share gains for Sterling Drug's Panadol. Of SAMI's four categories involving remedies for coughs and colds, only cold tablets registered unit volume gains in both summer months under study. Cough remedies and chest rubs in July recorded advances of 3.8 percent and 0.4 percent respectively. Double digit increases were posted by sleeping aids in both months in the amounts of 11.9 percent and 10.2 percent. Eye care products continue to enjoy impressive rates of gain and the current increases in excess of 20 percent are on top of major increases a year ago. Appetite suppressants improved their gain rate from 5.4 percent in June to 9.4 percent in July.

Close shaves

Moving on to shaving needs, the only category with upward momentum of the five measured by SAMI is after shave lotions with increases of 9.4 percent and 2.4 percent in June and July. Shaving creams

Continued on page 6B

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 5/26/84	4 WEEKS ENDING 6/22/84	4 WEEKS ENDING 7/20/84
BABY NEEDS	+ 0.1%	+ 3.0	+ 1.0%
Baby Powders	− 8.3	+ 7.8	+ 2.3
Baby Oils, Creams & Lotions	− 2.4	+ 2.0	− 0.7
Infant Clothes	− 7.1	− 3.1	+ 3.5
Nursing Supplies	+ 5.2	+ 3.1	+ 1.5
DEODORANTS	+ 3.8%	− 0.6%	+ 2.0%
Sprays	− 2.5	− 5.1	− 4.2
Roll-On	+ 8.3	− 0.1	+12.2
Stick Deodorants & Pads	+11.1	+ 2.8	+ 0.9
Creams	−13.7	−11.4	−15.1
Deodorants & Talcum Powders	− 6.8	+ 0.5	− 3.1
Feminine Hygiene Deodorants	−13.6	−12.0	−20.2
Foot Deodorants & Athlete's Foot Remedies	+14.8	+13.9	+ 5.2
Feminine Douches	− 2.0	+ 1.4	+ 4.5
FIRST AID	− 0.7%	+ 1.3%	+ 2.2%
Antiseptics	+ 8.3	+ 0.1	+ 2.3
First Aid Products	− 3.2	+ 1.7	+ 2.1
HAIR CARE NEEDS	+ 6.2%	+ 3.0%	+ 2.8%
Shampoos	+ 4.7	− 0.6	− 1.3
Hair Sprays	+10.0	+11.3	+ 7.7
Hair Conditioning Rinses	− 2.8	− 3.2	± 0.0
Hair Setting Needs	+386.2	+367.5	+365.1
Home Permanent Kits	− 3.4	− 5.6	− 0.7
Hair Coloring	− 2.7	− 2.4	− 1.0
Hair Dressing Needs	+ 5.5	+ 3.6	+ 1.1
ORAL HYGIENE	+ 6.7%	+ 1.8%	− 13.9%
Toothpastes & Powders	+ 8.9	+ 6.1	− 21.3
Mouthwashes	+ 1.0	− 7.3	+ 4.9
Breath Fresheners	+14.6	+ 4.2	+ 7.7
Denture Cleaners	− 3.1	− 5.2	− 7.3
Denture Adhesives	+ 0.6	+ 4.4	+11.6
Toothbrushes	+ 7.4	− 6.0	− 9.4
PROPRIETARY REMEDIES	+ 2.4%	+ 1.3%	+ 8.6%
Antacids	+ 2.7	− 0.4	+ 1.9
Internal Analgesics	+ 0.7	+ 1.1	+ 9.8
External Analgesics	+ 4.4	+ 1.2	+ 6.3
Cold Tablets	+13.5	+ 9.4	+ 5.6
Nasal Sprays—Drops—Inhalers	− 1.8	− 3.5	− 4.6
Chest Rubs	+ 0.1	− 3.7	+ 0.4
Cough Remedies	− 2.0	− 2.0	+ 3.8
Laxatives	± 0.0	+ 1.7	− 2.0
Sleeping Aids	+15.9	+11.9	+10.2
Tranquilizers	−10.9	− 11.1	−14.6
Vitamins	− 3.0	− 0.5	− 5.0
Eye Care Products	+19.4	+20.2	+22.8
Appetite Suppressants	+ 3.8	+ 5.4	+ 9.4
SHAVING NEEDS	+ 0.4%	− 2.1%	− 5.2%
Shaving Creams	− 2.8	− 6.0	− 8.7
Pre-Shave Lotions	− 1.7	− 2.0	− 6.3
After-Shave Lotions	+10.5	+ 2.4	+ 2.4
Razor Blades	− 0.1	− 2.0	− 4.5
Razors & Blades	− 1.2	− 5.2	− 6.9
SKIN CARE AIDS	+ 8.4%	+ 3.7%	− 2.1%
Hand & Body Creams & Lotions	+ 4.7	+ 6.4	+ 0.8
Facial Preparations	− 7.2	− 8.2	−11.4
Lip Care Products	+23.7	+11.4	− 8.6
Suntan Lotions & Oils	+20.1	+10.2	+ 3.2
Cosmetic & Medicated Skin Aids	+ 2.9	+ 3.9	+ 1.9
TOTAL ALL CATEGORIES	+ 3.9%	+ 1.4%	− 1.4%

STORAGE PRODUCTS

Continued from page 4B

Proctor and Gamble will take on the nation's single best-selling household cleaner when Spic & Span Pine is introduced in October. This liquid cleaner, whose introduction will be backed by national television advertising, has been developed to compete with Pine-Sol which, according to Mark Dresner, a spokesman for American Cyanamid, Pine-Sol's manufacturer, is not only the largest selling household cleaner in the U.S. but in Brazil as well.

For its part, American Cyanamid has no immediate plans to announce a new household cleaner and will rely on Pine-Sol's time-tested reputation to preserve its share of the market. Pine-Sol has been around since 1930 when the Magnolia Chemical Company introduced it to industrial janitors as Ma-Che-Co. The product has been produced by American Cyanamid since 1963.

The company will, however, introduce a new roach trap by the end of the year. Unlike other products on the market already, Combat is a bait tray whose active ingredient is a slow-acting stomach poison that has been proven highly successful against the fire ant and against roaches in government tests as well as in test marketing in New Orleans and Kansas City. ■

SAMI

Continued from page 3B

fell 6.0 percent and 8.7 percent and part of this loss may be attributable to consumers stocking up on Edge's two-for-one deal earlier in the year. There has been little important new product activity this year to expand category volume in the shaving needs product group. The most significant loss from the standpoint of unit volume was 600 thousand units for razor blades during the four weeks ending July 20.

Finally, looking at skin care aids, there was a reversal of trend between June and July with the gain for June (+3 7 percent) turning into a loss rate in July (−2.1 percent). Hand and body lotions were ahead 6.4 percent in June but this rate of gain declined to a conservative 0.5 percent plus in July. Food store sales of facial preparations were weak in both periods recording a decline of 8.2 percent in June and a more severe −11.4 percent in July. Sales of lip care products trended up 11.4 percent in June but moved downward 8.6 percent come July. There were increases for both suntan lotions and oils as well as cosmetic and medicated skin care aids in each of the two early summer SAMI reporting periods, but the product group fell 2.1 percent in July.

Thus we see a mixed bag in the health and beauty aids section as the summer months unfolded. It must be kept in mind, however, that the 1984 periods are being compared with strong sales periods last year. ■

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